

DANIEL K. INOUE
HAWAII

COMMITTEE ON APPROPRIATIONS,
CHAIRMAN
SUBCOMMITTEE ON DEFENSE,
CHAIRMAN

COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION

COMMITTEE ON INDIAN AFFAIRS

DEMOCRATIC STEERING AND COORDINATION
COMMITTEE

COMMITTEE ON RULES AND ADMINISTRATION

United States Senate

SUITE 722, HART SENATE OFFICE BUILDING
WASHINGTON, DC 20510-1102
(202) 224-3934
FAX (202) 224-6747

PRINCE KUHIO FEDERAL BUILDING
ROOM 7-212, 300 ALA MOANA BOULEVARD
HONOLULU, HI 96850-4975
(808) 541-2542
FAX (808) 541-2549

101 AUPUNI STREET, NO. 205
HILO, HI 96720-4221
(808) 935-0844
FAX (808) 961-5163

September 1, 2011

1225

**The Honorable Julius Genachowski
Chairman
Federal Communications Commission
445 12th Street, S.W., Room 8-B201
Washington, D.C. 20554**

Dear Mr. Chairman:

On October 2, 2009, I sent a letter to you regarding my constituent, Sandwich Isles Communications, Inc.'s Petition for Declaratory Ruling (Docket No. 09-1333), and respectfully requested expeditious action. The Petition called for the reversal of the National Exchange Carrier Association's (NECA) decision to disallow expenses for an inter-island underwater fiber cable and terrestrial transport. The letter is attached for your reference.

On September 29, 2010, your Wireline Bureau issued a Declaratory Ruling, partially reversing the NECA decision. It no doubt saved Sandwich Isles from bankruptcy, and allowed them to continue to provide a vital communications link to the residents and businesses on Hawaiian Homelands, particularly those in the very rural corners of our state. Sandwich Isles was compelled to request a reconsideration of the Bureau's decision because it simply could not survive at the subsidy level set in the ruling.

We are fast approaching a year this month since the reconsideration request was filed, and a total of 27 months since NECA rendered its initial negative decision. I need not tell you that these 27 months have resulted in escalating hardship on this Native Hawaiian telephone company.

I understand that an order may be drafted for circulation and review by the Commission members shortly. I do hope that this is the case, as I hark back to my initial letter requesting expeditious consideration.

The Honorable Julius Genachowski
September 1, 2011
Page 2

In the course of these 27 months, Sandwich Isles came upon NECA's Cost Issues Manual which is intended to provide for the "uniform treatment of issues in compliance with the FCC's rules and orders to ensure equitable settlements among NECA pool members." In complex cases, there appears to be a provision that allows for continued payment in accordance with the existing characterization while the issue is being clarified or resolved by the FCC. Such a rule makes good sense as it helps companies from being starved into bankruptcy, while awaiting the FCC's disposition of a particular matter. If this is in fact the case, I would respectfully request, within applicable rules and regulations, that consideration be given to its immediate application, pending resolution by the Commission.

Thank you for your attention to this matter.

Aloha,

A handwritten signature in black ink, appearing to read 'D. Inouye', with a long, vertical loop extending downwards from the end of the signature.

DANIEL K. INOUE
United States Senator

DKI:jsd
Enclosure

DANIEL K. INOUE
HAWAII

FILE COPY

COMMITTEE ON APPROPRIATIONS,
CHAIRMAN
SUBCOMMITTEE ON DEFENSE,
CHAIRMAN

United States Senate

SUITE 722, HART SENATE OFFICE BUILDING
WASHINGTON, DC 20510-1102
(202) 224-3934
FAX (202) 224-6747

PRINCE KUHIO FEDERAL BUILDING
ROOM 7-212, 300 ALA MOANA BOULEVARD
HONOLULU, HI 96850-4975
(808) 541-2542
FAX (808) 541-2549

COMMITTEE ON INDIAN AFFAIRS
DEMOCRATIC STEERING AND COORDINATION
COMMITTEE
COMMITTEE ON RULES AND ADMINISTRATION
JOINT COMMITTEE ON PRINTING

101 AUPUNI STREET, NO. 205
HILO, HI 96720
(808) 935-0844
FAX (808) 961-5163

October 2, 2009

**The Honorable Julius Genachowski
Chairman
Federal Communications Commission
445 12th Street SW, Room 8-B201
Washington, DC 20554**

Dear Mr. Chairman:

The purpose of my letter is to urge you to act expeditiously on the matter of Sandwich Isles Communications, Inc.'s, Petition for Declaratory Ruling (Docket No. 09-133). The National Exchange Carrier Association's (NECA) reversal to disallow expenses for inter-island underwater and terrestrial transport in May of 2009, less than two months before the effective date of the 2009 annual tariff, left Sandwich Isles with no meaningful opportunity to resolve the matter, or otherwise arrive at a compromise with NECA. Without commenting on the underlying substance, I am very concerned about the process by which NECA makes decisions of this magnitude without guidance from or oversight by the Federal Communications Commission (FCC). At a minimum, NECA's action lacks a measure of fairness.

I believe the FCC should exercise an enhanced level of oversight over NECA's activities. At a minimum, there should be a process that would allow meaningful opportunities to discuss potential options and solutions. If NECA is allowed to proceed unilaterally without such opportunities, other carriers in the NECA pool will look across the table and wonder, "Who's next?" If allowed to proceed in this manner, lenders, including perhaps the Rural Utility Service (RUS) of the U.S. Department of Agriculture which lends to Universal Service Fee (USF) recipients, will be placed in a precarious position.

The Honorable Julius Genachowski

October 2, 2009

Page 2

Within applicable rules and regulations, I most respectfully request an expeditious resolution of this Docket. Thank you for your attention to this important matter.

Aloha,

A handwritten signature in black ink, appearing to read 'D. Inouye', with a long vertical line extending downwards from the end of the signature.

DANIEL K. INOUE
United States Senator

DKI:jsd

cc: Commissioner Michael Copps
Commissioner Robert McDowell
Commissioner Mignon Clyburn
Commissioner Meredith Attwell Baker



FEDERAL COMMUNICATIONS COMMISSION

October 12, 2011

JULIUS GENACHOWSKI
CHAIRMAN

The Honorable Daniel K. Inouye
United States Senate
722 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Inouye:

Thank you for your letter regarding the Sandwich Isles Communications, Inc., petition for reconsideration of the September 29, 2010 decision by the Commission's Wireline Competition Bureau. AT&T, Inc., also filed an application for review of the September 29th Order.

I appreciate and understand your concern about the effect that delay might have on Sandwich Isles, and want to assure you that the Commission is moving to address this matter as expeditiously as possible. The Commission has received public comment on the Sandwich Isles and AT&T filings, and staff has met on several occasions with the parties, including Sandwich Isles, providing an opportunity to further explain its position. As you indicated, the staff is preparing an Order for the Commission's consideration resolving the Sandwich Isles petition and the AT&T application. Please be assured that the Commission will fully consider all the facts and issues in the record in resolving this matter.

I appreciate your continued interest in this proceeding. If I can be of any further assistance, please do not hesitate to contact me.

Sincerely,

A large, stylized handwritten signature in black ink, which appears to be "J. Genachowski", is written over the word "Sincerely," and extends across the right side of the page.

Julius Genachowski